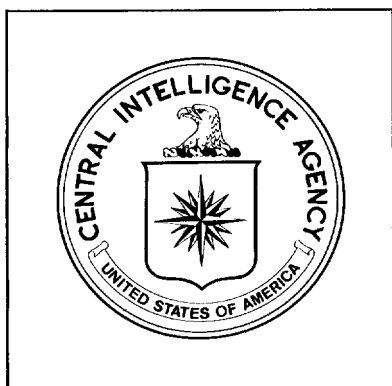


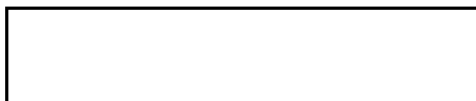
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STAFF NOTES:

Soviet Union Eastern Europe

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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Soviet-Romanian Relations

Tensions in Romanian-Soviet relations have recently increased. [redacted]

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[redacted] in addition to differences over the European security talks, CEMA policy, and the proposed European Communist conference, Bucharest is now resisting Soviet efforts to expand the political coordinating role of the Warsaw Pact.

The Soviets, according to the Romanians, are pushing for the establishment of a permanent Pact committee of foreign ministers. Moscow apparently wants to set up a secretariat--similar to NATO's political organization--that would be headed by a Soviet secretary general. The Kremlin reportedly is also calling for regular meetings of the Pact's political consultative committee. [redacted]

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[redacted] Bucharest has failed to win support from other Pact members against Moscow's efforts to tighten its grip over the Pact's institutional levers of control. As a result, [redacted]

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[redacted] the Romanians will probably be forced to compromise on some points.

Initial Soviet moves to tighten their control are probably already under way. For the first time since 1970, deputy foreign ministers from Pact member countries met twice this year. The Romanians may have used these meetings in an--apparently successful--effort to scuttle Soviet plans to arrange a large-scale celebration of the Pact's 20th anniversary in Warsaw on May 14.

[redacted] once the European security talks conclude, Moscow will increase its stress on ideological orthodoxy within the Pact--a move clearly intended to force Romania to identify more closely with Soviet policies and pronouncements. [redacted] Moscow's

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increased emphasis on orthodoxy was in part intended to ward off Western efforts to hold the Kremlin to whatever commitments it makes concerning freedom of movement for people and ideas.

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Milner Proposes New Types
of Management Organizations

Bentsion Milner, an economist with the Institute of the USA and Canada, calls for the formation of management units in the Soviet Union that would cut across ministerial jurisdictions and, in some cases, territorial boundaries. He makes this potentially disruptive and controversial proposal in *Kommunist* No. 3, signed to press on February 11.

Milner's article discusses the present effort to create production associations and to streamline ministerial structures, and the need in management to adopt a systems approach and program-target principles. In short, he argues that management should be structured not to reflect existing functions, but to accomplish the goals of the organization.

On this basis, he complains that the "overwhelming majority" of production associations are being established within the confines of ministerial sectors, or even subsectors. He confirms that "associations which should include enterprises and institutions affiliated with different ministries are practically nonexistent."

Such associations, Milner writes, could be formed on the basis of scientific or technological fields, territorial proximity, common purposes, and utilization or production cycles. Milner says these associations "should be granted greater autonomy and broader rights in production planning and organization." He suggests that they be put under the jurisdiction of a "head ministry."

Milner also discusses, although more theoretically, the organizational requirements of large-scale national economic programs, such as the West

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Siberian petroleum complex, agricultural development in the non-Chernozem zone of the RSFSR, and the Baykal-Amur railway. He calls for the creation of "flexible and dynamic task organizational units which would be responsible, from beginning to end, for the results of the implementation of the programs" and which would coordinate work across ministerial, oblast, and republic boundaries.

The article suggests one way that detente and contact with the West could influence domestic practices. Milner's department at the institute focuses on the study of US management, with the express intent of learning what might be useful in the Soviet context. Milner participated in formulating the present program of industrial reorganization, and his department serves as a management consultant to several industries, including the Kama truck plant, which Milner discusses at length in his article. It speaks well of Milner's influence that his article was published in *Kommunist*, but the Soviet record on reforms suggests that one should not anticipate adoption of his proposals in the near future.

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